



## ACCELERATED ECONOMIC GROWTH

2009



*USAID helped Pekabesko, a leading Macedonian meat processing factory, to improve its technological standards and open exports to European markets.*

### USAID Selected Results 1993-2007 Economic Growth

- Played a key role in Macedonia's joining the WTO in 2003
- Launched the establishment of a single window for export and import
- Coordinated successful pension reform
- Helped to design Macedonian first Treasury Securities Market
- Increased exports by 40 percent for assisted wine companies
- Established a Seal of Quality in Agriculture
- Issued 136 loans worth \$9.2 million through an SME Fund
- Helped to double foreign tourism in Macedonia from 2002 to 2006

### OVERVIEW

Since independence in 1991, Macedonia's economy has been moving steadily forward, but with GDP growth at 3.4 percent in 2006, the economy has yet to show sufficient progress for full integration in the European Union and global markets. Corruption, lack of finance and unclear regulatory environment hinder economic growth and impede investment, which in turn contributes to high unemployment. USAID economic growth strategy is two-fold – to work on the macroeconomic level to improve the business environment and investment policy, while assisting industry sectors with increasing their competitiveness and productivity.

### PROGRAMS

#### BUSINESS ENVIRONMENT ACTIVITY

The mandate of the Business Environment Activity (BEA) is to improve the environment for conducting business in Macedonia. The project accomplishes this by facilitating public-private dialogue on economic policy issues, promoting legal and regulatory reform, improving fiscal capacity of local government, and advancing labor policies. BEA also builds and strengthens the cadre of local experts and institutions who will continue to improve the business environment in Macedonia after the project ends.

#### THE E-GOVERNMENT PROJECT

The e-Government Project increases the efficiency and transparency of the public sector by implementing secure e-government solutions and improving communication within the Government of Macedonia, and between the Government and Macedonian businesses and citizens. The project demonstrates how e-government solutions are an effective tool in combating corruption and improving government efficiency. Through this project, Macedonia is becoming a regional leader in demonstrating effective and sustainable e-government solutions.

#### THE USAID COMPETITIVENESS PROJECT

The Competitiveness Project improves Macedonia's competitive position within the global market place. The project is demand driven and works closely with selected industry sectors to provide technical assistance to improve the productivity and technological capabilities of private enterprises and the business environments in which they operate. This results in increased private sector contribution to the Macedonian economy, employment generation and greater foreign investment flows.



*USAID Agribusiness Activity educates local producers about new markets and improves their management and operation practices.*

## CONTACT INFORMATION

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## MACEDONIA AGRIBUSINESS ACTIVITY

The Agribusiness Activity (AgBIZ) increases economic growth in Macedonia through expanded and environmentally sustainable production and sales of value-added agricultural products. The project prepares Macedonia for accession to the European Union by enabling local producers and processors to compete regionally and globally. It accomplishes this task by educating the producers about new markets, facilitating market linkages and value-added exports, and improving management and operations practices.

## PLASTIC RECYCLING PROJECT

The Plastic Recycling Project creates sustainable mechanisms for collection and recycling of plastic waste at municipal level. It boosts the development of a new recycling industry in Macedonia which contributes toward generating exports, creating new jobs and making economic opportunities for the disadvantaged population. Furthermore, this activity brings Macedonia closer to compliance with European Union environmental requirements through assisting the Ministry of Environment and Physical Planning in developing the Law on Packaging Waste based on the "producer responsibility" principle.

## SMALL AND MEDIUM ENTERPRISE LOAN GUARANTEE FACILITY

The SME loan guarantee facility, the first of its kind in Macedonia, provides access to working and investment capital to companies that want to expand their operations or market opportunities. The Development Credit Authority (DCA) facility is a loan portfolio guarantee program where USAID provides a 50 percent guarantee of the loan ceiling, thus sharing the risk with partner banks. The \$9 million facility includes a disbursement period of two years and maximum loan tenure of five years. USAID has partnered with two private financial institutions, UNIBANKA and NLB Leasing, who have been allocated \$5 and \$4 million of the portfolio, respectively.

## SUPPORT OF MACEDONIA'S DIGITAL MEDIA AND ANIMATION INDUSTRY

USAID works closely with the Digital Media Association to formulate and implement a vision for a Digital Media Park where digital media and animation companies greatly benefit through facility co-location and resource sharing. Through a Global Development Alliance (GDA) grant, USAID has provided assistance to the Association to help transform an old military warehouse into a productive 21<sup>st</sup> century technology park to include the latest digital equipment for a TV and two large production studios, as well as a high-speed computer network.

## SUPPORT TO THE CENTER FOR ECONOMIC ANALYSES (CEA)

The USAID grant supports CEA as an independent and unbiased think-tank that plays a key role in public policy debates and generates high quality macroeconomic analysis. Under the terms of the grant, CEA provides statistical data and reports needed for the development and implementation of USAID programs in Macedonia.